

## **MINUTES**

Citizen's District Council Meeting  
City of Muskegon CDBG  
Conference Room 203  
Muskegon, Michigan  
Tuesday, April 1, 2014

## **CALL TO ORDER**

The meeting was called to order by the Chairman, Tom Pastoor, at 5:30 p.m.

## **ROLL CALL**

Roll call was taken by Laura Hichue

Present: Tom Pastoor, Rosalind Ford, Kim Burr, Billie Quinn, Emma  
Torresen, Commissioner Ken Johnson  
Excused: Chris Carter, Addie Sanders-Randall  
Staff Present: Oneata Bailey, Laura Hichue

## **APPROVAL OF MINUTES**

After reviewing the March, 2014 minutes, a motion was made by Kim Burr to approve the minutes. Billie Quinn seconded the motion which carried unanimously.

## **OLD BUSINESS**

No old business was discussed

## **NEW BUSINESS**

Mr. Pastoor reviewed the CHDO applications received and asked Oneata about Trinity Housing. Oneata stated that they had missed the date deadline to apply. Mr. Pastoor asked about the money that they had been granted last year. Oneata stated they had not spent any of the money to date.

Mr. Pastoor asked when does the unspent money revert back to the City; Oneata said the next fiscal year, July 1, 2014, but it would also depend on their quarterly report that is due. If they say that there is a house they are going to purchase and rehab, then the City would probably not get the money returned. Oneata also noted that none of the CHDO's have spent any of their grant money yet, except for Habitat for Humanity a few hundred dollars.

Mr. Pastoor asked Oneata if she anticipated Habitat to use their money. Oneata said she was and that their last quarterly report explained where they were in the process and they were waiting for the weather to break. She also said Community enCompass had acquisition activity and they had a house so they were also going to be using their money. Trinity stated they had not yet located a house to purchase.

Mr. Pastoor reviewed that Community enCompass was asking for \$70,000 HOME funds for a total of \$201,000 invested for two households, and Habitat for Humanity was asking for \$19,000 in HOME funds. He asked Oneata how much HOME funds were there.

Oneata explained the budget sheet the Board members had received; the CHDO allocations were \$70,000 total. She stated that Community enCompass had asked for a total of \$70,000, but \$20,000 they had in the application were not allowable for HOME funds; actual rehab funds would be \$50,000. Oneata explained what the funds could and couldn't be used for.

Oneata reviewed the entire budget sheet and the allocations the City would receive this fiscal year. She further explained that the City would also be giving \$8,000 in Administration for CHDO operating cost.

Mr. Johnson asked why administration dollars had not been given out last year; Oneata explained that the City didn't know exactly how much they would be getting and because of the sequester, the amount wasn't known until later in the year.

Mr. Johnson asked if there was a set amount usually given for Administration. Oneata said it can be up to 5% of the total amount the City receives but it is discretionary on how much is given.

Oneata explained another line item in the budget. \$120,000 is set for in-fill, which will be used as part of the Heritage Square Development to build one unit of four. The developer will have to provide one affordable housing unit to receive this money. If he doesn't go through with that, CNS will use it for another house construction. Oneata gave a review of the development and some of the income guidelines.

Mr. Pastoor asked about the in-fill money and how it can be used. Oneata explained that it can be used for new construction or re-hab; if the \$120,000 becomes available, it could possibly be used for two rehabs or one new construction. There would also be program income from sales of homes to do rehabs also.

Mr. Pastoor asked about the Rental Rehab program; Oneata explained that it was a 50/50 match and interest has been higher recently which is why the amount budgeted is higher than last year.

The budget item for Rehab Construction was discussed; the \$9,000 amount would be added to Program Income to rehab a property. Oneata stated if Trinity did not use their money it could be added to that or the sale of one of the houses.

Mr. Pastoor asked for clarification of the two CHDO proposals totaling \$70,000.

Oneata stated that Habitat for Humanity was requesting \$19,000, strictly for the construction of the house. Community enCompass was requesting \$70,000 for a two-unit property; \$10,000 of that was for acquisition, which the City no longer provides funds for. Oneata explained why acquisitions are no longer funded. Another \$5,000 was for Overhead and \$5,000 for Personnel, neither is eligible to receive HOME funds, which leaves a total of \$50,000 for the actual rehab.

The budget item for CHDO Administration for \$8,000, Oneata explained that Habitat for Humanity will receive \$3,000 and Community enCompass will receive \$5,000.

The total amounts for both CHDO's will be \$19,000 for Habitat for Humanity and \$51,000 for Community enCompass to round it up to \$70,000.

Discussion took place reviewing Program Income funds from house sales and what it can be used for. Oneata explained that program income can go into any line item except for CHDO's due to those being a grant and having an agreement signed at the beginning of the fiscal year.

Mr. Pastoor asked if the Board had any discretion on where program income is used; Oneata said there were 4 line items it can be used in, but at least 10% of any program income has to go into HOME administration per HUD requirements. Oneata said it depends on what is available and needed at the time.

Mr. Pastoor asked if it was allowable to use HOME monies to fund a program to encourage purchasing a home in the city, such as down payment assistance or another incentive.

Mrs. Torresen asked if there was a limit on how much can be given for down payment assistance; Oneata stated it depended on how long they would want a lien on a property. HUD allows up to \$15,000 and attaches a lien for 5 years; if the owner stays for 5 years they don't have to pay back anything.

Discussion took place regarding homeowner rehabs and other assistance programs.

Mr. Pastoor asked if it would be allowable to have Program Income monies allocated to offer people down payment assistance and how it would help with the vacant housing problem.

Mrs. Burr said that an amount such as \$4,000 would either be used up in closing costs plus the home has to meet certain standards to close or they would need a rehab loan to finish repairs. She feels the monies would be useful for average homes but not the blighted ones.

Mr. Pastoor asked if there was a window that could assist home buyers to invest in the City.

Mrs. Torresen asked how much added work is there for the City to put a lien on the property.

Mrs. Bailey explained it would be quite involved including the attorney having to draw up the papers.

Discussion took place regarding incentives to living in the City, especially the target area.

Mr. Pastoor asked that it was possible to offer money as an incentive if there was a target area.

Oneata explained that by doing that it's getting two positives; one is having a buyer coming into a struggling neighborhood and the other is having someone purchase a home in the City plus helping the buyer with assistance to rehab.

Mrs. Torresen asked if it could be used for rehab rather than down payment for a new buyer.

Oneata said it depends on how the criteria was written and explained the different scenarios possible.

Discussion took place regarding the possibilities of down payment assistance.

Mr. Johnson asked about Rental Rehab and the funding that is proposed being double from last year, and if it was going to be used in the Target Area.

Oneata explained that all the items that had “extra” this year will be focused on the Target Area and the City is looking to assist in that area. It could be vinyl siding, priority housing repair, and painting. She further explained that she talked to the City of Muskegon Heights about their paint program that has continued through the years.

Mr. Johnson asked about Youth Employment.

Oneata said the City is looking at coming alongside the YEP program through Community enCompass and allowing them to work in the target neighborhood. The funds would go to the YEP program as Community enCompass would submit a record to the City to be reimbursed.

Oneata explained the budget proposal line items and all the additional funds for the target area, and that the hope is the neighborhood looks completely different at this time next year. If it is successful, another area would be the target next year.

Mr. Pastoor asked to return to the HOME budget and assisting new home buyers up to a certain amount per property.

Oneata said the Rehab Construction line item could be changed for that and how much is the Board thinking to use.

Mr. Pastoor stated that Program Income could be used for assisting new home buyers instead of new construction and more of a return could be made.

Mrs. Torresen asked if it was allowable to allocate money from house sales that isn't actually there yet.

Oneata stated that there has been a sale already and funds are there. What happens next after the proposed budget is decided on is the line items are put into the Action Plan with a description and particulars for the public and the City commission to see. In addition, the assistance would be for any families that income qualify anywhere in the City and it could be written to be for a first-time home buyer. Discussion took place regarding the definition of a first-time home buyer.

Mr. Pastoor reviewed the amount of money CNS currently has and what the best way to allocate it for a home buyer assistance program.

Discussion took place whether to include rehab with down payment assistance. Oneata stated that with rehabbing, everything in the house has to be brought to code, not just a specific item.

Mrs. Ford moved to table the discussion about the Home Buyer Incentive Program line item until the next meeting to give more time to think it through.

Oneata stated she had to write something in the Action Plan but tabling it would give her time also to look into what is and isn't legal to do.

Mrs. Quinn seconded the motion.

Mrs. Ford amended her motion to table the new Home Buyer Incentive Program line item but approve the HOME budget as presented by staff.

Mrs. Quinn seconded the motion which carried unanimously.

Discussion took place regarding CDBG funds.

Mr. Johnson asked about the Façade program.

Oneata explained the façade grant process and past history but with the last monitoring visit, HUD asked about Davis/Bacon rules being followed and it became an issue. The money has not been used in the past 2 years so it was decided not to fund it this year.

Mrs. Burr asked about the Dangerous Building-Demolition funding.

Oneata explained they were asking for more to be able to demolish a commercial building at some point. There were some commercial buildings identified that needed to be demolished and having the funds would add pressure to the building owners to address the problem.

Mr. Pastoor asked about the \$25,000 for Neighborhood Grants and if that was new money, not the regular \$1500 Annual Grant.

Oneata explained these were additional funds that the City would like to use to address some of the comments that were raised at the public meeting. She cited McGraft Park, neighborhood ball fields, and the Nims playground. Oneata said it would have to benefit the entire neighborhood and be presented by an active neighborhood association.

Mr. Pastoor stated he would like to see neighborhood associations work together to help with a project.

Oneata said she also would like to see neighborhoods assisting one another but it would not be a requirement to apply for the grant; however, preference may be given to a multi-neighborhood application.

Mr. Pastoor asked if there was a dollar amount limit for a grant.

Oneata stated it depends on the number of applications and what they are requesting.

Mr. Pastoor reviewed the other line items and if there were any questions.

Discussion took place reviewing the individual CDBG items.

A question arose regarding the lack of funding for street repairs.

Oneata stated that once again Davis-Bacon Rules apply and that when the Engineering Department put the notice in the paper, it was not worded properly so it could not be used; it has happened twice so it is not being funded this year. If funds are used for street repairs without the proper procedures, HUD could decide to take some money from the City.

Mrs. Burr moved to accept the proposed CDBG funds presented by Staff.  
Mrs. Torresen seconded the motion which carried unanimously.

Oneata stated that she will be inserting something into the Action Plan regarding the Home Buyer Incentive Program after she talks to the City Attorney and the Board will receive information regarding that. She further stated that the funding isn't the issue, it's getting documentation, following through to the closing, deciding on the amount and other details.

Discussion about the Neighborhood Grants and how other organizations would be able to benefit from the grants; Oneata explained that they would have to work through Neighborhood Associations but information regarding the grants will be made available to all that have publicly commented or mentioned their ideas.

Mrs. Burr moved to adjourn the meeting at 7:15 p.m.; Mrs. Quinn seconded the motion which carried.

The next meeting is scheduled for May 6, 2014.